

B.A. (Honours) in Economics Examination, 2022
Semester-IV
Economics
Paper - CC-08
(Intermediate Microeconomics-II)

Time: 3 Hours

Full marks: 60

Questions are of value as indicated in the margin

Question No. 1 is compulsory. Attempt another FOUR from the rest.

1. (a) Prove that the slope of the marginal revenue curve is twice of that of the inverse demand curve.
(b) Explain why there is no unique supply curve in monopoly?
(c) Explain the phenomenon of deadweight loss in case of monopoly?
(d) Mathematically show the relationship between the equilibrium price ratio of different markets under third degree price discrimination with the elasticities of demand of the markets. 5+5+5+5
2. Examine the effects on consumer surplus and producer surplus when the government imposes specific tax on a monopolist. 10
3. Diagrammatically elucidate the long run equilibrium of a firm in a monopolistically competitive market. 10
4. (a) What do you mean by Bertrand paradox?
(b) Examine the Stackelberg model of quantity leadership in an oligopolistic market. 3+7
5. Consider a duopoly market where the demand curve is given by $P = 360 - Q$ and $Q = Q_1 + Q_2$. Marginal costs of Firm 1 and Firm 2 are $MC_1 = 60$ and $MC_2 = 120$, respectively. Calculate the equilibrium output, price, and profit of each firm if they decide to follow Cournot mechanism. 10
6. What is Pareto efficiency? Diagrammatically explain how Pareto efficiency in production is achieved in a 2X2X2 general equilibrium structure. 2+8
7. Write notes on (any TWO): 2X5
 - (a) Dominant firm price leadership model in oligopoly.
 - (b) Prisoners' dilemma.
 - (c) Backward bending labour supply curve.
 - (d) Monopsonistic exploitation in the factor market.